




**ROYAL BANK
OF CANADA**

**NOTICE OF THE ANNUAL MEETING
OF COMMON SHAREHOLDERS
AND
MANAGEMENT PROXY CIRCULAR**

December 6, 1994



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**ROYAL BANK
OF CANADA**

NOTICE OF THE ANNUAL MEETING OF COMMON SHAREHOLDERS

NOTICE IS HEREBY GIVEN THAT the Annual Meeting of Common Shareholders of Royal Bank of Canada will be held in the Grand Ballroom of The Sheraton Centre, 123 Queen Street West, in the City of Toronto, Province of Ontario on Thursday, the 26th day of January 1995 at 10:30 a.m. for the following purposes:

- (1) to receive the Financial Statements of the Bank for the year ended October 31, 1994, and the Auditors' Report thereon;
- (2) to elect Directors;
- (3) to appoint Auditors; and
- (4) to transact such other business as may properly be brought before the meeting.

Montreal, December 6, 1994

BY ORDER OF THE BOARD

JANE E. LAWSON
Senior Vice-President & Secretary

IMPORTANT

Shareholders who are unable to be present at the Annual Meeting of Common Shareholders are requested to sign and return the enclosed Form of Proxy in the envelope provided for that purpose. Proxies must be received at the Montreal office of Montreal Trust Company of Canada, the Transfer Agent, at least 48 hours prior to the meeting.

MANAGEMENT PROXY CIRCULAR

(As of December 6, 1994, except as otherwise provided)

SOLICITATION OF PROXIES

THIS MANAGEMENT PROXY CIRCULAR IS FURNISHED IN CONNECTION WITH THE SOLICITATION BY THE MANAGEMENT OF ROYAL BANK OF CANADA (THE "BANK") OF PROXIES FOR USE AT THE ANNUAL MEETING OF COMMON SHAREHOLDERS OF THE BANK TO BE HELD ON THE 26TH DAY OF JANUARY 1995 AT THE PLACE AND FOR THE PURPOSES SET FORTH IN THE NOTICE OF MEETING ACCOMPANYING THIS MANAGEMENT PROXY CIRCULAR.

The cost of solicitation will be borne by the Bank. The solicitation will be primarily by mail. However, the directors, officers and regular employees of the Bank may also solicit proxies by telephone, in writing or in person.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

On November 23, 1994, the Bank had 314,154,963 outstanding Common Shares. Subject to the provisions of the *Bank Act*, shareholders as at the record date of December 9, 1994 are entitled to one vote for each such share held. Shareholders who acquire their shares subsequent to December 9, 1994, may acquire voting rights provided they request the Bank, not later than 10 days before the meeting, to add their name to the voters' list.

To the knowledge of the directors and officers of the Bank, no person on November 23, 1994, owned or exercised control or direction over more than 10% of the outstanding Common Shares of the Bank.

VOTING RESTRICTIONS

Under the provisions of the *Bank Act*, the voting rights pertaining to a share of the capital stock of the Bank may not be exercised if:

- (a) the shareholder is a resident of Canada who holds the share in the right of or for the use or benefit of a non-resident, other than a non-resident who is a resident of the United States or of the United Mexican States;

- (b) the share in question is beneficially owned by the government of Canada or of a province, or any agent or agency thereof, or the government of a foreign country or any political subdivision thereof, or any agent or agency thereof; or
- (c) the share is beneficially owned by a non-resident other than a non-resident who is a resident of the United States or of the United Mexican States, who owns beneficially directly or through entities controlled by such person and persons with whom such person acts jointly or in concert or is associated, more than 10% of all of the outstanding shares of the Bank.

The foregoing is a summary only. A copy of the relevant sections of the *Bank Act* will be forwarded to any shareholder upon request made to the Secretary of the Bank at the Bank's Head Office.

APPOINTMENTS AND REVOCATION OF PROXIES

The persons named in the enclosed Form of Proxy are directors and officers of the Bank.

SHAREHOLDERS DESIRING TO APPOINT SOME OTHER PERSON (WHO IS NOT REQUIRED TO BE A SHAREHOLDER OF THE BANK) TO REPRESENT THEM AT THE MEETING MAY DO SO (see Note 3 on the Form of Proxy), either by inserting such person's name in the blank space provided in the Form of Proxy and deleting the names printed thereon or by completing another proper Form of Proxy and, in either case, delivering the completed Proxy to Montreal Trust Company of Canada, the Transfer Agent of the Bank, at least 48 hours prior to the meeting.

A shareholder who signs and returns the enclosed Form of Proxy may revoke it at any time before it is acted upon by depositing written notification at the Head Office of the Bank not later than the last business day preceding the day of the meeting or with the Chairman of the meeting on the day of the meeting or any adjournment thereof.

VOTING SECRECY

Proxies are counted and tabulated by Montreal Trust Company of Canada, the Transfer Agent of the Bank, in such a manner as to preserve the confidentiality of individual shareholder votes, except (a) where the shareholder clearly intends to communicate his or her individual position to management, and (b) as necessary to meet the requirements of applicable law.

EXERCISE OF DISCRETION BY PROXY

The shares represented by any Proxy in the form enclosed herewith and appointing the persons designated thereon or any of them to represent the shareholder at the meeting will be voted in accordance with the specifications given by the shareholder. **IN THE ABSENCE OF ANY CONTRARY INSTRUCTION, THE SHARES REPRESENTED BY PROXIES RECEIVED BY MANAGEMENT WILL BE VOTED ON ANY BALLOT WHICH MAY BE HELD "FOR" THE ELECTION OF THE MANAGEMENT NOMINEES FOR DIRECTORS, "FOR" THE APPOINTMENT OF THE AUDITORS NAMED HEREIN AND "FOR" MANAGEMENT'S PROPOSALS GENERALLY.**

The enclosed Form of Proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice of Meeting.

As at the date hereof, management is not aware that any other matter is to be presented for action at the meeting. If, however, other matters properly come before the meeting, the persons designated in the enclosed Form of Proxy will vote thereon in accordance with their judgement pursuant to the discretionary authority conferred by such Proxy with respect to such matters.

A simple majority of the votes cast at a meeting, whether by Proxy or otherwise, will constitute approval of any matter submitted to a vote at the meeting.

ELECTION OF DIRECTORS

The Board consists of a minimum of 20 and a maximum of 50 directors, who are required to be elected annually. The persons named on the enclosed Form of Proxy intend to vote for the election of the nominees whose names are set forth below and who are now directors of the Bank. Each director will be elected to hold office until the next Annual Meeting of Common Shareholders or until such office is earlier vacated.

The Board of Directors does not have an executive committee. **Directors who are members of the Audit Committee are so designated herein.** The undernoted table sets forth the names of the persons proposed to be nominated for election as directors together with their principal occupation, the year in which they became directors of the Bank and the number of shares beneficially owned, directly or indirectly, or over which control or direction was exercised on November 23, 1994. Additionally, as required by the *Bank Act*, set out below is a summary of the record of attendance by directors at meetings of the Board and Committees of the Board during the 12 months ended November 30, 1994. During this period, 11 Board meetings were held in the following cities: Montreal (5), Halifax (2) and Toronto (4). Committees of the Board held meetings as follows: Audit (7), Conduct Review (5), Corporate Governance (10)*; International Strategic Issues (2), Loan Policy (10), Personnel & Compensation (9) and Public Policy (4). Regional Director Committees also held meetings as follows: Atlantic (4), Quebec (4), Ontario (5), Manitoba (4), Saskatchewan (5), Alberta (4), British Columbia (10), New York (4) and London, England (4).

* The Corporate Governance Committee was established on July 6, 1994 and is the successor Committee of the Nominating and the Ad Hoc Corporate Governance Committees. The Ad Hoc Corporate Governance Committee held 8 meetings, the Nominating Committee held one meeting and the successor Corporate Governance Committee held one meeting.

Name and Principal Occupation	Municipality of Residence	Director Since	Common Shares of the Bank Beneficially Owned ⁽¹⁾	Number of Meetings Attended Board Committees ⁽²⁾	
Theodore M. Allen President and Chairman of the Board United Grain Growers Limited (Agri services and Publishers)	Winnipeg, Manitoba	Oct. 6, 1992	1,000	10	13
Sir James Ball Professor of Economics London Business School (Director of Royal Bank of Canada Holdings (U.K.) Limited)	Surrey, England	Sept. 5, 1990	2,800	10	2
Jacques Bougie, O.C. President and Chief Executive Officer Alcan Aluminium Limited (Fully integrated international aluminium products)	Outremont, Quebec	Nov. 5, 1991	200	10	3
Robert M. Chipman ⁽³⁾ Chairman The McGill-Stephenson Company Limited (Management)	Winnipeg, Manitoba	May 5, 1986	9,452	11	6
John E. Cleghorn President & Chief Executive Officer Royal Bank of Canada (Director and Chairman of Royal Trust Corporation of Canada, The Royal Trust Company, The Bankers' Trust Company and The Royal Trust Company Mortgage Corporation)	Westmount, Quebec	Nov. 3, 1987	53,018	11	38
Ronald L. Cliff, C.M., F.C.A. Chairman BC Gas Inc. (Energy)	Vancouver, B.C.	April 7, 1987	102,979	10	12
George A. Cohon, O.C. Senior Chairman and Chairman of the Executive Committee McDonald's Restaurants of Canada Limited (Quick service restaurants)	Toronto, Ontario	June 1, 1988	2,000	10	4
G.N. (Mel) Cooper, C.M., O.B.C. President Seacoast Communications Group Inc. (Radio broadcasting and production)	Victoria, B.C.	Oct. 6, 1992	2,100	11	3

Name and Principal Occupation	Municipality of Residence	Director Since	Common Shares of the Bank Beneficially Owned ⁽¹⁾	Number of Meetings Attended Board	Committees ⁽²⁾
Pierre Des Marais II President and Chief Executive Officer UniMédia Inc. (Publishing)	Verdun, Quebec	March 6, 1990	786	8	1
Mitzi S. Dobrin, C.M. Chairman & Chief Executive Officer DBRN Holdings Ltd. (Investment)	Montreal, Quebec	Nov. 30, 1976	8,227	9	3
John R. Evans, C.C., M.D. ⁽³⁾ Chairman Torstar Corporation (Publishing)	Toronto, Ontario	March 6, 1984	3,000	11	21 ⁽⁵⁾⁽⁶⁾
John T. Ferguson President & Chief Executive Officer Princeton Developments Ltd. (Real estate)	Edmonton, Alberta	April 3, 1990	1,071	10	14
L. Yves Fortier, C.C., Q.C. ⁽³⁾ Chairman Ogilvy Renault (Barristers & Solicitors)	Westmount, Quebec	March 3, 1992	2,097	11	21 ⁽⁵⁾⁽⁶⁾
The Hon. Paule Gauthier, P.C., O.C., Q.C. Partner Desjardins Ducharme Stein Monast (Barristers & Solicitors) (Director of Royal Trust Corporation of Canada, The Royal Trust Company, The Bankers' Trust Company and The Royal Trust Company Mortgage Corporation)	Quebec, Quebec	Oct. 1, 1991	2,062	11	10 ⁽⁶⁾
Arden R. Haynes, O.C. ⁽³⁾ Company Director (Director of Royal Trust Corporation of Canada, The Royal Trust Company and The Bankers' Trust Company)	Don Mills, Ontario	June 11, 1985	548	8	10 ⁽⁶⁾
Charles H. Knight Chief Executive Officer Denro Holdings Ltd. (Land development)	Regina, Sask.	Feb. 1, 1983	2,500	9	12
The Hon. E. Peter Lougheed, P.C., C.C., Q.C. Senior Partner Bennett Jones Verchere (Barristers & Solicitors)	Calgary, Alberta	Feb. 4, 1986	400	9	2

Name and Principal Occupation	Municipality of Residence	Director Since	Common Shares of the Bank Beneficially Owned ⁽¹⁾	Number of Meetings Attended Board	Committees ⁽²⁾
Clifford S. Malone Vice-Chairman United Corporations Limited (Investments) (Director of Royal Trust Corporation of Canada, The Royal Trust Company, The Bankers' Trust Company, The Royal Trust Company Mortgage Corporation and Royal Bank Realty Holdings (RBLI) Inc.)	Toronto, Ontario	May 20, 1975	5,000	11	22 ⁽⁶⁾
G. Wallace F. McCain ⁽³⁾ Vice-Chairman McCain Foods Limited (Frozen foods)	Florence- ville, N.B.	Sept. 3, 1986	136,500	7	4
Dawn R. McKeag President Walford Investments Ltd. (Holding)	Winnipeg, Manitoba	March 1, 1978	11,687 ⁽⁴⁾	11	9 ⁽⁶⁾
J. Edward Newall Vice-Chairman and Chief Executive Officer NOVA Corporation (Natural gas transmission, manufacturing and marketing of chemicals and plastics)	Calgary, Alberta	Sept. 5, 1984	12,140	11	18 ⁽⁵⁾⁽⁶⁾
Robert B. Peterson Chairman, President and Chief Executive Officer Imperial Oil Limited (Integrated petroleum)	Toronto, Ontario	Sept. 10, 1992	500	11	15
Ralph A. Pfeiffer, Jr. ⁽³⁾ Retired Chairman & Chief Executive Officer IBM World Trade Corporation (Information technology)	Greenwich, Connecticut	June 12, 1984	1,000	9	15 ⁽⁶⁾
Kenneth C. Rowe, F.C.I.S. Chairman, President and Chief Executive Officer I.M.P. Group International Inc. (Aerospace, aviation and marine industries)	Halifax, N.S.	Nov. 5, 1985	220,032	11	17
Guy Saint-Pierre, O.C. President and Chief Executive Officer SNC-LAVALIN GROUP Inc. (Engineering and manufacturing)	Montreal, Quebec	Nov. 6, 1990	6,714	9	8 ⁽⁶⁾

Name and Principal Occupation	Municipality of Residence	Director Since	Common Shares of the Bank Beneficially Owned ⁽¹⁾	Number of Meetings Attended Board	Committees ⁽²⁾
Robert T. Stewart Company Director	West Vancouver, B.C.	April 5, 1988	1,000	9	13 ⁽⁵⁾⁽⁶⁾
Allan R. Taylor, O.C. Chairman Royal Bank of Canada	Don Mills, Ontario	June 7, 1983	122,918	11	43
John A. Tory, Q.C. Deputy Chairman The Thomson Corporation (Publishing and travel)	Toronto, Ontario	March 10, 1971	53,643	11	13 ⁽⁵⁾⁽⁶⁾
Sheelagh D. Whittaker President EDS Canada (Information Technology)	Toronto, Ontario	June 1, 1993	1,000	10	—
Victor L. Young Chairman & Chief Executive Officer Fishery Products International Limited (Frozen seafood products)	St. John's, Newfoundland	April 2, 1991	1,200	9	9 ⁽⁶⁾

⁽¹⁾ Includes shares over which control or direction was exercised as of November 23, 1994 by the person named, even in those cases when beneficial ownership of some or all of the shares is disclaimed.

⁽²⁾ Excludes attendance at Regional Director Committee meetings.

⁽³⁾ Member of Audit Committee.

⁽⁴⁾ Also holds 200 First Preferred Shares, Series "B" of the Bank.

⁽⁵⁾ Member of the Ad Hoc Corporate Governance Committee which completed its mandate on July 6, 1994.

⁽⁶⁾ Includes attendance at five additional meetings of the Personnel and Compensation Committee. The membership of the Personnel and Compensation Committee was expanded between April 5 and June 13, 1994 for the purpose of reviewing succession of the top executives only.

To the knowledge of the Bank, the directors and senior officers of the Bank, as a group, beneficially own, directly or indirectly, or exercise control or direction over less than 1% of the outstanding Common Shares of the Bank.

Except where required for qualification as a director of a subsidiary, none of the directors of the Bank hold shares of its subsidiaries.

Directors who are not standing for re-election on January 26, 1995 attended during the twelve-month period ended November 30, 1994, meetings as follows:

	Board	Committees ⁽²⁾
ALEXANDER B. MARSHALL	11	7 ⁽⁶⁾
J. PIERRE MAURER ⁽³⁾	11	15 ⁽⁵⁾
J. WILLIAM E. MINGO, Q.C.	10	11 ⁽⁵⁾
RONALD W. OSBORNE, F.C.A.	8	8 ⁽⁶⁾
NEIL F. PHILLIPS, Q.C.	11	6

DIRECTORS' AND OFFICERS' REMUNERATION

During the fiscal year ended October 31, 1994, the aggregate remuneration paid by the Bank and its subsidiaries to its directors and officers was as shown in the following table. Directors were compensated as follows: (i) annual retainer of \$18,000; (ii) each Board meeting attended — \$950; (iii) each Board Committee meeting attended — \$700; (iv) each Conduct Review Committee meeting attended — \$350; (v) each Loan Policy Committee meeting attended between November 1, 1993 and February 1, 1994 — \$350, plus an annual retainer of \$2,500 (effective February 1, 1994, the annual retainer of \$2,500 was eliminated and the per meeting fee increased from \$350 to \$700); (vi) Committee chairpersons (excluding Regional Director Committees) receive an additional annual retainer of \$2,000; and (vii) each Regional Director Committee meeting attended to a maximum of four — \$700. Directors are reimbursed for transportation and other expenses incurred for attendance at Board and Committee meetings.

On December 6, 1994, the Board of Directors of the Bank approved, following a recommendation of the Corporate Governance Committee, increases in the directors' compensation as follows, such increases to be effective as of February 1, 1995:

- Directors' annual retainer, from \$18,000 to \$21,000;
- Board meeting attendance fee, from \$950 to \$1,000;
- Committee meeting attendance fee, from \$700 to \$800;
- Conduct Review Committee meeting attendance fee, from \$350 to \$400; and
- Committee chairpersons additional annual retainer from \$2,000 to \$3,000.

The Board of Directors also approved a Directors' Share Purchase Plan which allows directors to have the entire amount, or a portion thereof, of their annual retainer and attendance fees paid by way of Common Shares of the Bank. All administration costs as well as any brokerage fees associated with the purchase and registration of the Common Shares will be paid by the Bank.

DIRECTORS' AND OFFICERS' REMUNERATION TABLE

	Directors' Fees	Salaries	Bonuses (a)	Other (b)	Total
Remuneration of Directors					
A) No. of Directors: 37					
B) Corporation incurring the expense					
Royal Bank of Canada	\$1,298,597				\$ 1,298,597
Royal Trust Corporation of Canada	75,571				75,571
Royal Bank of Canada Holdings (UK) Limited	6,673				6,673
Royal Bank Realty Holdings (RBLI) Inc.	4,500				4,500
Aggregate Renumeration of Officers					
A) No. of Officers: 248 (including retirees during the year)					
B) Corporation incurring the expense					
Royal Bank of Canada	\$ 28,450	\$31,082,090	\$10,101,254	\$6,205,872	\$47,417,666
Totals	\$1,413,791	\$31,082,090	\$10,101,254	\$6,205,872	\$48,803,007

(a) Denotes short term incentive bonuses paid as well as performance awards granted in fiscal 1994 under the Short Term Incentive Plan and the Long Term Performance and Investment Plan in respect of the fiscal year ended October 31, 1993 and the three-year performance period ended on such date, respectively. The aggregate of short term incentive bonuses to be paid to officers in respect of the fiscal year ended October 31, 1994 is estimated to be \$8,000,000. Details of the program under which short term incentive bonuses are awarded can be found under "Report on Executive Compensation — Short Term Incentive Plan" in this proxy circular. 201 officers are voluntary participants under the Long Term Performance and Investment Plan. The aggregate amount of such awards to be granted under this Plan subsequent to October 31, 1994 pertaining to the three-year performance period ended October 31, 1994 is estimated to be \$7,400,000. Plan details can be found under "Long Term Performance and Investment Plan" in this proxy circular.

(b) Includes benefits other than salary to officers on transfer to national and international locations (\$5,447,226) as well as the Bank's contributions on behalf of officers to the Employee Savings and Share Ownership Plan (\$758,646).

Officers are eligible to participate in a leased automobile program for business and personal use. Rental, maintenance and operational costs are for the account of the Bank. Costs attributable to this program in respect of the fiscal year ended October 31, 1994, are estimated at \$2,414,713.

Eligible employees are permitted to borrow from the Bank, within certain prescribed limits and subject to the normal credit granting criteria applied to regular customer loans, at varying interest rates for purchases of or improvements to residential properties, investments in shares of the Bank, purchases of durable consumer goods or for certain other personal use purposes. Deemed taxable benefits arising from loans outstanding to officers in the last fiscal year pursuant to Section 80.4 of the Income Tax Act (Canada) are estimated at \$671,000.

There were no non-accountable expense allowances.

REPORT ON EXECUTIVE COMPENSATION

The Personnel and Compensation Committee of the Board of Directors (the "Committee") is composed of six directors who are neither officers nor former officers of the Bank and it is charged with the periodic review of the Bank's long-range plans and policies for attracting, retaining, developing and motivating employees, including the executive officers named below (the "named executive officers"). The Committee makes recommendations with respect to the compensation of the named executive officers to the Board of Directors, which gives final approval on compensation matters.

The Bank's executive compensation policies are designed to recognize and reward individual performance as well as provide a competitive level of compensation. Given the Bank's size and complexity, the Bank's policy is for overall compensation of its executive officers, including the named executive officers, to equal the median of the top 50% of the country's largest corporations, including those in the financial services sector. The Bank's relative compensation position is determined annually by surveys conducted by independent compensation consulting firms.

The key components for executive officer compensation are base salary, and short and long term incentives. The design of the short and long term incentive plans can provide a significant amount of variable compensation which is linked to increases in shareholder wealth, and to Bank and individual performance.

Base Salaries

Based on the Bank's relative compensation position, salary ranges have not been adjusted since 1991.

Salaries of the named executive officers are reviewed annually, based on individual performance, responsibility, and experience to ensure they reflect the contribution expected from each officer.

No base salary increases were granted to the Chief Executive Officer or to the other named executive officers during the 1994 fiscal year.

Short Term Incentive Plan

The Bank's Short Term Incentive Plan, known as its Quality Performance Incentive Plan ("QPI"), provides opportunities to earn incentive bonuses based on individual performances and the general financial performance of the Bank in relation to planned targets of return on equity ("ROE") in each fiscal year. Named executive officers participate in accordance with the same rules as all employees of the Bank.

Based on the Bank's actual ROE, a range of incentive bonus opportunities is provided for each executive officer and the actual incentive bonus to each executive officer is determined on the basis of individual performance assessed through a number of factors which include businesses' financial performance, judgement, managerial performance and overall contribution to the success of the Bank. For named executive officers, incentive bonus ranges are between 35% to 50% of base salary when the Bank achieves its targeted ROE. When the Bank exceeds its targeted ROE, incentive bonus ranges increase to reflect the Bank's financial performance. When financial plans are not met, the incentive bonus ranges decrease or may result in no payout under the program.

In 1994, Mr. A.R. Taylor was awarded \$950,000 under the Short Term Incentive Plan for the 1994 fiscal year. This payment reflects Mr. Taylor's personal contribution to the Bank's 1994 financial results.

Long Term Incentive Plans

Long Term Performance and Investment Plan

The purpose of the Bank's Long Term Performance and Investment Plan ("LTPIP", also referred to as "LTIP" in the **Summary Compensation Table**) is to encourage ownership of the Bank's Common Shares, maintain a direct link between pay and performance and motivate officers to improve the Bank's longer term financial success, measured in terms of shareholder wealth. For named executive officers, the value of the target payout varies between 50% to 77% of base salary.

In 1994, the Bank changed the interest rate structure of LTPIP loans, such that starting with the November 1, 1993 to October 31, 1996 performance period, loans have been granted at the Royal Bank prime rate.

All the named executive officers participated in the Plan for the November 1, 1993 to October 31, 1996 performance period, including Mr. A.R. Taylor who participated at his normal level. Details of the Plan and of participation by named executive officers can be found under "**Long Term Performance and Investment Plan**" in this proxy circular.

Based on the achievement level of the performance targets for the performance period ended October 31, 1994, an award of 65% of the potential total award was approved. For Mr. A.R. Taylor, an award of 65% or \$562,307 was approved.

Executive Stock Option Plan

In 1994, the Bank implemented an Executive Stock Option Plan for the Bank's most senior executives. The Executive Stock Option Plan was introduced to supplement the Bank's Long Term Performance and Investment Plan to ensure the Bank maintains its desired competitive position for overall compensation of its executive officers. The Executive Stock Option Plan is intended to provide an incentive to further the development, growth and profitability of the Bank and assist in retaining and attracting executives with experience and ability.

Options are granted by the Personnel and Compensation Committee of the Board to eligible employees, including the Chief Executive Officer and the other named executive officers, for the purchase of a set number of Common Shares of the Bank at an exercise price being the market value of the Common Shares based on the weighted average of the trading prices of a board lot of shares on the Montreal and Toronto stock exchanges for a five trading day period. Each option may be exercised over a 10 year period and generally vests as to one-quarter at the date of grant and as to an additional one-quarter per year over the following three years.

The members of the Personnel and Compensation Committee approved on January 27, 1994, a stock option grant of 93,500 Common Shares to Mr. A.R. Taylor. This grant was made in recognition of Mr. Taylor's level of responsibility and his contribution to the Bank's overall performance.

Summary

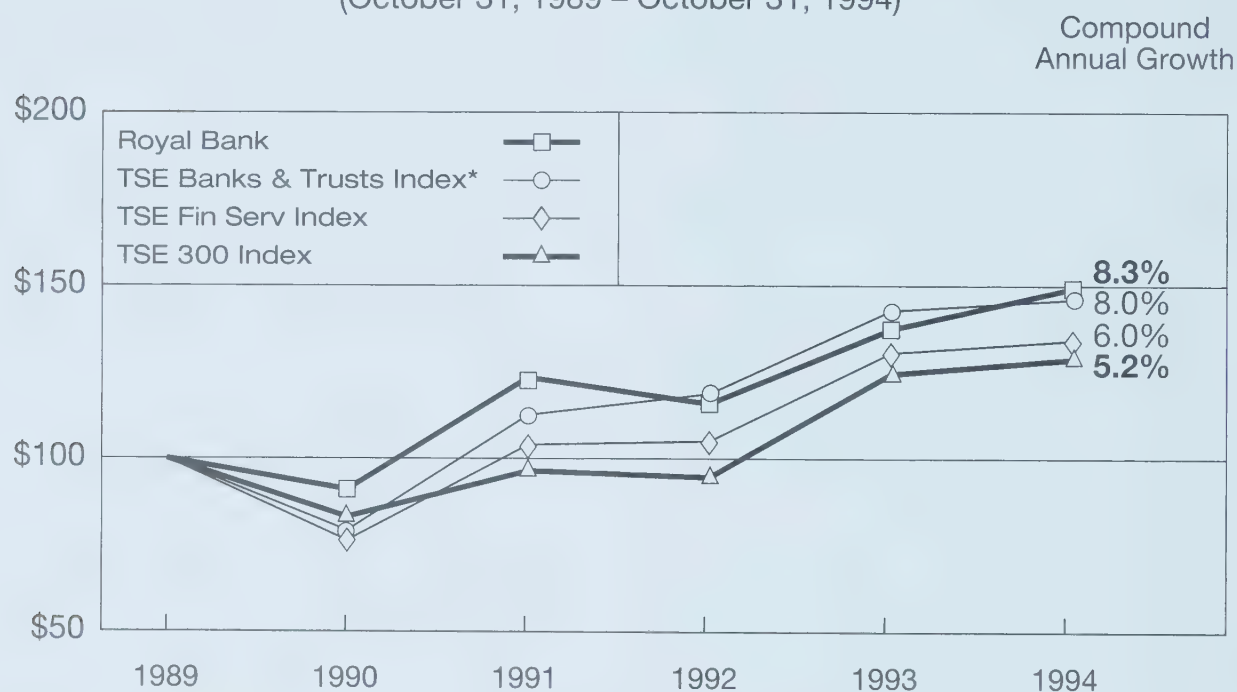
The Committee monitors the levels of remuneration to ensure overall compensation reflects the Bank's desired relative compensation position and the Bank's performance. The Chairman of the Committee has direct access to the Bank's external compensation policy advisors. The Committee makes recommendations to the Board of Directors of the Bank, which gives the final approval on compensation matters.

J.E. Newall, Chairman
D.R. McKeag
R.W. Osborne, F.C.A.
R.A. Pfeiffer, Jr.
R.T. Stewart
V.L. Young

PERFORMANCE GRAPH

The following Performance Graph illustrates the yearly cumulative total shareholder return on the Bank's Common Shares (assuming reinvestment of dividends) compared with the cumulative total return of the TSE Banks & Trusts, the TSE Financial Services and the TSE 300 Indices over the five year period ended October 31, 1994.

Five-Year Cumulative Total Return on \$100 Investment Assuming Dividends are Reinvested (October 31, 1989 – October 31, 1994)



*Formerly called TSE Bank Index

COMPENSATION OF NAMED EXECUTIVE OFFICERS

The Summary Compensation Table details compensation information for the three fiscal years ended October 31, 1994, for the Chief Executive Officer and the four other most highly compensated executive officers of the Bank, measured by base salary and incentive bonuses during the fiscal year ended October 31, 1994. The information includes:

- salary earned in each applicable year;
- incentive bonuses earned in each applicable year as determined by results measured against objectives set by the Board of Directors of the Bank at the beginning of each year;
- other annual compensation, which includes perquisites and personal benefits;
- stock options granted under the Executive Stock Option Plan;
- payouts under the Long Term Performance and Investment Plan which represent the value of performance awards in each applicable year applied in reduction of loans; and
- all other compensation not reported elsewhere.

SUMMARY COMPENSATION TABLE

Name and Principal Position ^(a)	Year	Annual Compensation			Long-Term Compensation		All Other Compensation ^{(d) (f)}
		Salary ^(b) (\$)	Bonus (\$)	Other Annual Compensation ^(c) (\$)	Securities Under Options Granted (# Shares)	LTIP Payouts (\$)	
A.R. Taylor Chairman & Chief Executive Officer	1994	950,000	950,000	160,433 ^(e)	93,500	562,307	28,422
	1993	941,667	0	202,499 ^(e)		115,343	28,422
	1992	900,000 100,000 ^(c)	0			83,108	
J.E. Cleghorn President & Chief Operating Officer	1994	635,000	635,000	36,250	41,700	334,208	18,998
	1993	630,000	0	73,556		70,113	18,998
	1992	605,000 50,000 ^(c)	0			43,652	
G.J. Feeney Senior Executive Vice-President Retail Banking	1994	350,000	275,000	30,898	11,500	149,816	10,471
	1993	347,500	0	43,778		28,996	10,471
	1992	330,833	0			8,268	
B.C. Galloway Senior Executive Vice-President Corporate Banking	1994	295,000	225,000	17,190	9,700	126,323	8,826
	1993	292,500	0	30,335		25,789	8,826
	1992	276,667	0			8,897	
J.E. Bolduc Executive Vice-President & Chief Financial Officer	1994	250,000	300,000	18,347	8,200	91,144	7,479
	1993	248,333	0	40,698		19,120	7,479
	1992	236,667	0			6,578	

(a) Positions are as of October 31, 1994.

(b) Base salary reviews are performed on January 1st of each year. No base salary adjustments have been made during the 12 months from November 1, 1993 to October 31, 1994.

(c) Merit payment granted on January 1, 1992 in lieu of base salary adjustments.

(d) In accordance with transitional provisions of the OSC's rules on executive compensation disclosure in proxy statements, amounts of "Other Annual Compensation" and "All Other Compensation" have not been included for fiscal year 1992.

(e) Includes \$48,225 in 1993 and \$36,401 in 1994 for Mr. A.R. Taylor, representing the taxable benefit for residence costs.

(f) The amounts in this column represent the Bank's contributions under the Employee Savings and Share Ownership Plan. These officers participate in this plan on the same basis as all other Bank employees. Under this plan, employees can contribute up to a specified percentage of their salary towards the purchase of Common Shares of the Bank or deposits with the Bank, with the Bank contributing additional Common Shares to the extent of 50% of eligible contributions.

OPTION GRANTS DURING THE MOST RECENTLY COMPLETED FINANCIAL YEAR

The table below shows information regarding grants of stock options made to the named executive officers during the financial year ended October 31, 1994. Details of the Plan can be found under "Report on Executive Compensation – Executive Stock Option Plan" in this proxy circular.

Name	Securities Under Options Granted (#)	% of Total Options Granted to Employees in 1994	Exercise or Base Price \$ / Common Share	Market Value of Securities Underlying Options on the Date of Grant \$ / Common Share	Expiration Date
A.R. Taylor	93,500	46.7%	30.484	30.484	Jan. 27, 2004
J.E. Cleghorn	41,700	20.7%	30.484	30.484	Jan. 27, 2004
G.J. Feeney	11,500	5.7%	30.484	30.484	Jan. 27, 2004
B.C. Galloway	9,700	4.8%	30.484	30.484	Jan. 27, 2004
J.E. Bolduc	8,200	4.1%	30.484	30.484	Jan. 27, 2004

AGGREGATED OPTION EXERCISES DURING THE MOST RECENTLY COMPLETED FINANCIAL YEAR AND FINANCIAL YEAR-END OPTION VALUES

The following table summarizes for each of the named executive officers the number of Common Shares of the Bank acquired pursuant to exercises of stock options during the financial year ended October 31, 1994, if any, the aggregate value realized upon exercise, if any, and the number of Common Shares of the Bank covered by unexercised options under the Executive Stock Option Plan as at October 31, 1994. Value realized upon exercise, if any, is the difference between the fair market value of the Common Shares of the Bank on the exercise date and the exercise or base price of the option. Value of unexercised in-the-money options at financial year-end, if any, is the difference between the exercise or base price of the options and the fair market value of the Common Shares of the Bank on October 31, 1994, which was \$28.375 per share.

Name	Securities Acquired on Exercise (#)	Aggregate Value Realized (\$)	Unexercised Options at October 31, 1994 (#)		Value of Unexercised In-the-Money Options at October 31, 1994 (\$)	
			Exercisable	Unexercisable	Exercisable	Unexercisable
A.R. Taylor	nil	nil	23,375	70,125	nil	nil
J.E. Cleghorn	nil	nil	19,425	31,275	nil	nil
G.J. Feeney	nil	nil	2,875	8,625	nil	nil
B.C. Galloway	nil	nil	2,425	7,275	nil	nil
J.E. Bolduc	nil	nil	2,050	6,150	nil	nil

Long Term Performance and Investment Plan

The following table shows participations taken up by the Bank's named executive officers in fiscal 1994 under the Long Term Performance and Investment Plan through subscription of Common

Shares, the respective performance period and the estimated future payouts for the performance period November 1, 1993 to October 31, 1996.

Long Term Incentive Plans – Awards in Most Recently Completed Financial Year

Name	Securities, Units or Other Rights (#)	Performance or Other Period Until Maturation or Payout	Estimated Future Payouts Under Non-Securities Price-Based Plans		
			Threshold (\$)	Target (\$)	Maximum (\$)
A.R. Taylor	11,146	Nov. 1/93 - Oct 31/96	62,700	564,300	627,000
J.E. Cleghorn	7,450	Nov. 1/93 - Oct 31/96	41,910	377,190	419,100
G.J. Feeney	4,106	Nov. 1/93 - Oct 31/96	23,100	207,900	231,000
B.C. Galloway	3,461	Nov. 1/93 - Oct 31/96	19,470	175,230	194,700
J.E. Bolduc	2,933	Nov. 1/93 - Oct 31/96	16,500	148,500	165,000

The Bank's Long Term Performance and Investment Plan is an entirely voluntary plan whereunder the Bank makes loans at the Royal Bank prime rate to eligible officers to finance the purchase of Common Shares of the Bank in amounts determined by the Personnel and Compensation Committee. The respective loan amounts are based on 33% of annual base salary for the named executive officers. The loans are used exclusively to purchase Common Shares of the Bank at the then applicable market prices and the shares are owned outright by the named executive officers.

At the end of the three-year performance period, the loans are subject to reduction by the amounts of performance awards made to participants. Performance awards are made at the end of the applicable three-year performance period and are based on the highest level of achievement of two alternative performance targets. A first

performance target is based on the projected three year compound growth in the book value of the Common Shares of the Bank and the Bank's return on equity in the third year of the performance period. The alternative performance target compares the ratio of the market value of the Bank's Common Shares to book value to that of other major banks. The target amount shown above will be earned if 90% of the performance target is achieved. The threshold amount will be earned at the achievement of 10% of the performance target. The maximum award will be earned at the achievement of 100% of the performance target.

In the event of retirement, should a loan balance remain after the application of the final performance award and the proceeds from the sale of the shares, a payment will be provided to the participant to cover the shortfall.

Pensions

Pension arrangements are in place to provide certain senior officers, including the named executive officers, upon retirement, with lifetime annual retirement income (including amounts payable under Canada and Quebec Pension Plans) of up to 60% of their average annual compensation (defined as base salary plus short-term incentive plan bonuses during the best 60 consecutive months in the last 10 years of employment). These pension arrangements accrue from age 40 on the basis of certain percentages per year, as follows: 40-54, 2% per year; 55-64, 3% per year up to a maximum of 60% of average annual compensation. The normal retirement age under these arrangements is 65 years.

In respect of Messrs. A.R. Taylor, G.J. Feeney and J.E. Bolduc, who joined the Bank's pension plan prior to November 1, 1963, the pension arrangements accrue from age 40 as follows: 40-44, 2% per year; 45-54, 3% per year, 55-59, 4% per year, up to a maximum of 60% of average annual compensation. The normal retirement age is 60 years under these arrangements. Early retirement benefits are available from age 55; however the pension payable is reduced when the individual does not have 35 years of pension plan membership.

PENSION PLAN TABLES

Remuneration (\$)*	Years of Credited Service at Normal Retirement Age of 60		
	10	15	20 or more
300,000	105,000	150,000	180,000
400,000	140,000	200,000	240,000
500,000	175,000	250,000	300,000
750,000	262,500	375,000	450,000
1,000,000	350,000	500,000	600,000
1,250,000	437,500	625,000	750,000
1,500,000	525,000	750,000	900,000

Remuneration (\$)*	Years of Credited Service at Normal Retirement Age of 65			
	10	15	20	25 or more
300,000	90,000	120,000	150,000	180,000
400,000	120,000	160,000	200,000	240,000
500,000	150,000	200,000	250,000	300,000
750,000	225,000	300,000	375,000	450,000
1,000,000	300,000	400,000	500,000	600,000
1,250,000	375,000	500,000	625,000	750,000
1,500,000	450,000	600,000	750,000	900,000

* Average annual compensation defined as base salary plus short term incentive bonuses during the best 60 consecutive months in the last 10 years of employment.

The credited service up to October 31, 1994 for each named executive officer is as follows:

Mr. A.R. Taylor has a normal retirement age of 60 and has attained the maximum 20 years of credited service.

Mr. J.E. Cleghorn has credited service of 13.3 years and a normal retirement age of 65; Mr. G.J. Feeney has credited service of 13.2 years and a normal retirement age of 60; Mr. B.C. Galloway has credited service of 7.2 years and a normal retirement age of 65; Mr. J.E. Bolduc has credited service of 15.6 years and a normal retirement age of 60. Each of the individuals will attain the maximum credited service by the normal retirement age if they continue Bank employment. If any had terminated employment (other than as a result of electing early retirement) as of October 31, 1994, no retirement benefits would have been payable under the Plan.

Termination of Employment (Retirement)

Upon retirement, a lump sum retirement payment of \$168,375 will be paid to Mr. A.R. Taylor in addition to the retirement benefits payable as set forth under "Pension Plan Tables" in this proxy circular.

INDEBTEDNESS OF DIRECTORS, EXECUTIVE OFFICERS AND SENIOR OFFICERS OTHER THAN UNDER SECURITIES PURCHASE PROGRAMS

As at November 23, 1994, aggregate indebtedness entered into for purposes other than in connection with purchases of securities of the Bank or subsidiaries of the Bank (other than "routine indebtedness" under applicable Canadian securities laws) to the Bank or its subsidiaries of all officers, directors and employees and former officers, directors and employees of the Bank or its subsidiaries amounted to approximately \$343,296,309. This amount primarily reflects housing loans secured on the borrower's principal residence, made available to eligible management employees of the Bank at rates lower than those generally available to non-management employees and to customers of the Bank. Approximately 11,000 employees are eligible, subject to the normal credit granting criteria, to receive such loans.

Name and Principal Position	Involvement of Issuer or Subsidiary	Largest Amount Outstanding During Year Ended October 31, 1994 (\$)	Amount Outstanding as at November 23, 1994 (\$)	
			(a)	(b)
N.C. Achen, S.V.P.	Bank Loans	42,000	—	35,702
M.C.S. Baptista, E.V.P.	Bank Loans	79,447	—	57,805
D.A. Berardinucci, E.V.P.	Bank Loans	371,070	334,060	—
J.E. Bolduc, V-C & C.F.O.	Bank Loans	33,546	—	22,676
J.E. Cleghorn, President & C.E.O.	Bank Loans	536,389	—	60,000
C.S. Coffey, S.V.P.	Bank Loans	243,001	237,629	—
M.T.J. Conway, V.P. & Chief Accountant	Bank Loans	26,421	—	25,601
M.A. Corlett, E.V.P.	Bank Loans	272,578	209,652	50,000
C.J. Coveyduck, S.V.P.	Bank Loans	60,000	—	57,500
A.R. Creasor, S.V.P.	Bank Loans	423,032	354,206	50,778
G.J. Feeney, V-C	Bank Loans	36,853	—	25,802
J.R. Fukakusa, S.V.P.	Bank Loans	293,212	285,380	—
G.F. Gaffney, E.V.P.	Bank Loans	440,986	331,619	41,557
B.C. Galloway, V-C	Bank Loans	46,830	—	45,289
J.J. Gannon, S.V.P.	Bank Loans	33,079	—	34,359
R.G. Hall, S.V.P.	Bank Loans	226,942	151,374	29,913
J.M.S. Hatley, S.V.P.	Bank Loans	105,525	87,103	—
J.E. Lawson, S.V.P. & Secretary	Bank Loans	159,876	137,119	35,203
K.A. Littlewood *	Bank Loans	254,130	—	42,133
E.J. Lundy, S.V.P.	Bank Loans	299,113	291,351	—
I.A. MacKay, S.V.P.	Bank Loans	186,899	143,129	—
J. McCallum, S.V.P.	Bank Loans	285,525	283,592	—
T.R. McDermid *	Bank Loans	297,837	145,905	149,428
V.G. McKay, S.V.P.	Bank Loans	75,619	—	75,619

Name and Principal Position	Involvement of Issuer or Subsidiary	Largest Amount Outstanding During Year Ended October 31, 1994 (\$)	Amount Outstanding as at November 23, 1994 (\$)	
			(a)	(b)
J. Merriam, S.V.P.	Bank Loans	191,958	187,866	—
P.A. Palmer, S.V.P.	Bank Loans	271,284	232,875	26,931
R.S. Pennycook, S.V.P.	Bank Loans	191,816	160,228	30,000
J.T. Rager, S.V.P.	Bank Loans	274,330	212,065	40,902
D.L. Robertson, S.V.P.	Bank Loans	551,375	488,015	52,693
B. Schroder, E.V.P.	Bank Loans	175,536	169,628	—
J.H. Shaw, V.P. & Comptroller	Bank Loans	49,372	—	48,097
R.E. Stanley, S.V.P.	Bank Loans	209,259	203,333	—
R.J. Sutherland, V-C	Bank Loans	52,000	—	52,000
G.G. Tallman, S.V.P.	Bank Loans	244,768	240,172	—
A.R. Taylor, Chairman	Bank Loans	95,000	—	94,869
P.H. Tucker, S.V.P.	Bank Loans	424,750	291,220	129,268
M.L. Turcotte, S.V.P.	Bank Loans	145,854	—	124,356
A.A. Webb **	Bank Loans	408,679	400,275	—
E.K. Weir, S.V.P.	Bank Loans	255,314	—	181,148
D.S. Wells, E.V.P.	Bank Loans	45,066	—	30,067

* No longer an officer

** President & C.E.O., Royal Trust Corporation of Canada

(a) Loan(s) to assist with home purchase resulting from Bank initiated transfer, secured by collateral mortgage on borrower's residence and amortized over maximum term of 25 years. The first \$50,000 of any such loan bears interest at 1% per annum, the balance at 4%, both rates being applicable for an initial three-year period; in the fourth year, the rates are 2% and 5% per annum, respectively. Thereafter, each such loan bears interest at rates between 3% and 6% per annum. Loans granted before December 8, 1993 and which were not made in conjunction with Bank-initiated transfers bear interest at a rate per annum 2% below the Bank's residential mortgage interest rate for the term selected, subject to a minimum of 5% per annum. In certain cases, the amount shown in this column includes a residential mortgage loan secured on the borrower's residence granted at the applicable best customer interest rate in accordance with the Bank's residential mortgage lending program.

(b) Loans for personal purposes, principally for consumer purchases, home improvements, recreational property acquisition, and sundry investment. Security in conformity with Bank's regular customer lending practices is held. Such loans are granted on a demand basis, generally subject to regular repayment schedules and bear interest at a rate based on the Bank's Personal Loan Base rate. Prior to December 8, 1993 such loans were granted at rates between 3% and the Bank's prime rate; loans for computer purchases were granted on an interest free basis. Short term interim financing loans remain available on an interest free basis to facilitate residence purchase in conjunction with Bank initiated transfers.

INDEBTEDNESS OF DIRECTORS, EXECUTIVE OFFICERS AND SENIOR OFFICERS UNDER SECURITIES PURCHASE PROGRAMS

As at November 23, 1994, aggregate indebtedness (other than “routine indebtedness” under applicable Canadian securities laws) to the Bank or its subsidiaries of all officers, directors and employees and former officers, directors and employees of the Bank and its subsidiaries made in connection with the purchase of securities of the Bank or any of its subsidiaries was approximately \$20,187,573.

Name and Principal Position	Involvement of Issuer or Subsidiary	Largest Amount Outstanding During Year Ended October 31, 1994 (\$)	Amount Outstanding as at November 23, 1994 (\$)		Financially Assisted Securities Purchases During Last Completed Financial Year (c)	Security for Indebtedness (d)
			(a)	(b)		
N.C. Achen, S.V.P.	Bank Loans	210,286	130,276	75,564	3,532	10,122
M.C.S. Baptista, E.V.P.	Bank Loans	163,082	163,082	—	2,287	6,805
D.A. Berardinucci, E.V.P.	Bank Loans	116,184	116,184	—	1,598	4,801
E. Bigsby, S.V.P.	Bank Loans	76,943	76,943	—	12,088	3,117
J.E. Bolduc, V-C & C.F.O.	Bank Loans	461,619	220,246	224,667	2,933	20,818
J.E.Y. Bougard, S.V.P.	Bank Loans	69,216	69,216	—	907	2,870
J.E. Cleghorn, President & C.E.O.	Bank Loans	704,466	693,544	—	7,450	29,185
C.S. Coffey, S.V.P.	Bank Loans	171,959	120,212	49,036	2,261	6,871
M.T.J. Conway, V.P. & Chief Accountant	Bank Loans	58,454	41,820	14,913	790	1,716
M.A. Corlett, E.V.P.	Bank Loans	138,166	138,166	—	2,170	5,638
C.J. Coveyduck, S.V.P.	Bank Loans	154,268	85,092	65,510	2,472	4,555
A.R. Creasor, S.V.P.	Bank Loans	137,889	113,080	22,773	2,674	5,768
H.E. Elsie, S.V.P.	Bank Loans	188,754	120,489	59,101	3,278	6,708
G.J. Feeney, V-C	Bank Loans	597,178	341,229	239,490	8,561	36,705
J.R. Fukakusa, S.V.P.	Bank Loans	20,240	20,240	—	719	719
G.F. Gaffney, E.V.P.	Bank Loans	144,491	130,756	—	1,778	5,406
B.C. Galloway, V-C	Bank Loans	340,941	286,330	50,985	6,366	14,966
J.J. Gannon, S.V.P.	Bank Loans	139,085	73,776	61,575	2,006	7,355
B.P. Griffiths, S.V.P.	Bank Loans	157,333	127,299	27,558	3,365	6,868
J.A.R. Guay, S.V.P.	Bank Loans	142,760	116,216	25,465	3,137	4,849
R.G. Hall, S.V.P.	Bank Loans	122,215	104,210	17,537	2,449	5,390
J.M.S. Hatley, S.V.P.	Bank Loans	59,989	59,989	—	782	2,490
L.M. Joly, S.V.P.	Bank Loans	46,400	46,400	—	1,649	1,649
R.M. Juneau, S.V.P.	Bank Loans	114,411	88,127	24,604	2,467	4,710
D.N. Kitchen, S.V.P.	Bank Loans	187,290	139,352	42,900	1,835	5,832
J.E. Lawson, S.V.P. & Sec.	Bank Loans	84,570	84,570	—	1,257	3,474
D.M. Leahey, S.V.P.	Bank Loans	108,506	108,506	—	1,484	4,485
K.A. Littlewood *	Bank Loans	89,984	89,984	—	1,443	3,681

Name and Principal Position	Involvement of Issuer or Subsidiary	Largest Amount Outstanding During Year Ended October 31, 1994 (\$)	Amount Outstanding as at November 23, 1994 (\$)		Financially Assisted Securities Purchases During Last Completed Financial Year (c)	Security for Indebtedness (d)
			(a)	(b)		
A. Lockie, S.V.P.	Bank Loans	57,495	57,495	—	783	2,400
E.J. Lundy, S.V.P.	Bank Loans	107,322	89,690	16,266	1,402	4,260
I.A. MacKay, S.V.P.	Bank Loans	135,072	126,911	—	1,752	6,679
R.A. Masleck, S.V.P.	Bank Loans	152,144	121,974	—	1,608	5,055
T.R. McDermid, *	Bank Loans	132,477	110,579	17,734	1,505	5,883
V.G. McKay, S.V.P.	Bank Loans	153,886	124,050	—	1,691	5,123
J. Merriam, S.V.P.	Bank Loans	151,204	107,450	37,874	2,501	6,433
E.P. Neufeld *	Bank Loans	207,400	114,592	37,820	—	7,295
P.A. Palmer, S.V.P.	Bank Loans	72,210	72,210	—	911	3,030
R.S. Pennycook, S.V.P.	Bank Loans	94,283	94,283	—	1,495	3,852
D.P. Pritchard, S.V.P.	Bank Loans	130,869	88,386	—	1,822	5,782
J.T. Rager, S.V.P.	Bank Loans	66,113	66,113	—	872	2,758
D.L. Robertson, S.V.P.	Bank Loans	193,444	131,100	24,309	3,459	6,794
B. Schroder, E.V.P.	Bank Loans	123,961	105,161	17,250	1,428	4,348
J.H. Shaw, V.P. & Comptroller	Bank Loans	77,176	65,979	10,250	840	2,742
K.A. Smee, E.V.P.	Bank Loans	160,627	160,627	—	2,170	6,714
R.E. Stanley, S.V.P.	Bank Loans	88,127	88,127	—	1,391	3,592
R.J. Sutherland, V-C	Bank Loans	192,489	155,305	36,022	2,194	9,228
G.G. Tallman, S.V.P.	Bank Loans	154,084	125,405	18,679	1,716	20,118
G.P. Tatrallyay, S.V.P.	Bank Loans	107,768	70,219	—	1,864	2,911
A.R. Taylor, Chairman	Bank Loans	1,625,603	1,123,484	446,665	28,773	89,986
P.A. Taylor, E.V.P.	Bank Loans	217,976	217,976	—	2,886	9,034
P.H. Tucker, S.V.P.	Bank Loans	82,244	81,217	703	1,024	3,408
M.L. Turcotte, S.V.P.	Bank Loans	169,387	131,025	2,257	1,716	5,433
A.A. Webb **	Bank Loans	224,385	144,482	—	4,119	5,872
E.K. Weir, S.V.P.	Bank Loans	58,000	58,000	—	2,062	2,124
D.S. Wells, E.V.P.	Bank Loans	157,459	129,087	25,255	1,715	5,400

* No longer an officer

** President and C.E.O., Royal Trust Corporation of Canada

(a) Loan(s) used to purchase Common Shares of the Bank pursuant to the Bank's Long Term Performance and Investment Plan. Reference is made to "Long Term Performance and Investment Plan" in this proxy circular. After the application of the performance awards in reduction of the loans, any residual balances can remain outstanding at the applicable interest rate for a maximum period of six months after which they must be repaid.

(b) Loan(s) used to purchase Common Shares of the Bank pursuant to the Bank's Common Share Purchase Program under which loans are currently granted at the Bank's prime rate; prior to December 8, 1993 such loans were granted at the rate of 5% per annum. Repayment is made over terms ranging between five and ten years and shares are held as security until full repayment of the loans.

(c) Number of Common Shares of the Bank purchased with Bank loans during the financial year.

(d) Aggregate number of Common Shares of the Bank held as security for the loan amount outstanding as at November 23, 1994.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The Bank has purchased at its expense group liability insurance in the amount of \$75,000,000 for its protection and for the protection of its directors and officers against liability incurred by them in their capacities as directors and officers of the Bank and its subsidiaries. For the period from May 1, 1994 to May 1, 1995, the Bank paid a total premium of \$1,154,468 of which \$1,039,022 was for the Bank's protection; \$57,723 was in respect of the directors as a group; and \$57,723 was in respect of the officers as a group. In any case in which the Bank is not permitted by law to reimburse the director or officer, no deductible applies. Where the Bank is permitted to reimburse the director or officer, the deductible is \$5,000,000.

LEGAL PROCEEDINGS

The Bank continued to be subject to various lawsuits challenging certain of its practices or actions. A majority of these suits are loan-related. That is, they involve claims or counterclaims brought in reaction to steps the Bank has taken to collect delinquent loans and enforce rights it has in collateral securing such loans. As at November 23, 1994, the aggregate liability which is expected to result from all these suits, however, was not considered material.

APPOINTMENT OF AUDITORS

The former *Bank Act* required the shareholders of the Bank to appoint two firms of accountants to be the Auditors of the Bank and required, if the same two firms of accountants had been appointed for two consecutive years, that one such firm not be appointed Auditor of the Bank for a period of two years following expiration of the term for which it was last appointed. The firms of Deloitte & Touche and Peat Marwick Thorne were appointed Auditors of the Bank at the 1992 Annual Meeting, and Deloitte & Touche and Price Waterhouse were appointed auditors of the Bank at the last Annual Meeting.

The new *Bank Act* requires the shareholders of the Bank to appoint one firm of accountants, and permits the shareholders to appoint two firms of accountants, to be the Auditors of the Bank until the next Annual Meeting of Shareholders. Management of the Bank recommends that the shareholders continue the past practice of auditor rotation and recommends that Deloitte & Touche and Price Waterhouse be reappointed Auditors of the Bank until the next Annual Meeting of Shareholders of the Bank.

The persons named in the enclosed Form of Proxy intend to vote for the reappointment of Deloitte & Touche and Price Waterhouse as Auditors of the Bank, to hold office until the next Annual Meeting of Shareholders of the Bank.

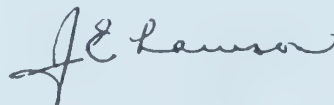
AVAILABLE DOCUMENTATION

The Bank is a reporting issuer under the securities acts of all of the provinces of Canada and is therefore required to file financial statements and information circulars with the various securities commissions. The Bank also files an annual information form annually with such securities commissions. Copies of the Bank's latest annual information form, annual financial statements, any interim financial statements filed subsequent to the filing of the most recent annual financial statements and Management Proxy Circular may be obtained on request from the Secretary of the Bank.

DIRECTORS' APPROVAL

The Board of Directors of the Bank has approved the content and sending of this Management Proxy Circular.

Montreal, December 6, 1994



JANE E. LAWSON
Senior Vice-President & Secretary

